
PRESS RELEASE

London, 21 November 2019

2019 global platinum market balanced with surplus forecast in 2020

- **Balanced market in 2019 on 2% supply growth but record 1 moz growth in ETF holdings**
- **2020 surplus of 670 koz despite a 1% supply fall and strong, yet lower, investment demand**
- **2020 automotive forecast excludes any platinum-for-palladium substitution**

London, 21st November 2019: The World Platinum Investment Council (WPIC) has today published its *Platinum Quarterly* for the third quarter of 2019, which includes a revision to the full-year 2019 forecast as well as an initial forecast for 2020.

The platinum market is forecast to be in balance for this year as the updated 2019 forecast now reflects a deficit of 30 koz compared to the prior estimate of a surplus of 345 koz. The substantial 12% increase in total demand is driven by record ETF buying, which more than offsets expected demand decreases in the automotive (-5%), jewellery (-6%) and industrial (-1%) segments and total supply growth of 2% for full-year 2019.

Mining supply is up 1% as some mining projects ramp up, although this is mostly due to the refining of metal built up in the processing pipeline in 2018. Significant increases in the price of palladium and rhodium helped lift platinum recycling 3% but the low platinum price for most of 2019 led to lower jewellery recycling.

The initial forecast for 2020 projects a market surplus of 670 koz, reflecting a 1% decrease in supply and a 10% decrease in demand, predominantly due to lower investment demand that, although forecast to be well above the five year average, is not expected to include a repeat of this year's record ETF buying. Mine supply is expected to be 2% lower than in 2018.

Paul Wilson, chief executive officer of WPIC commented:

“Stellar investment demand performance is the highlight of 2019. The particularly strong investment demand in the first half of 2019 continued in Q3 and into Q4 with the increase in ETF holdings of 1 moz the highest seen since physically backed platinum ETFs were launched in 2007.

This ETF buying by large institutional investors, who typically take 2 to 3 year views and positions, reflects the value opportunity they see; driven by future demand growth potential and constrained supply. It also reflects recognition that evidence of this, often played-down, demand growth, will now be realised in the short-term and within the investment horizon of their funds.

PRESS RELEASE

London, 21 November 2019

Investment demand in 2020 remains strong but is well below the record level in 2019 and despite a fall in mining supply will still result in a sizeable surplus in 2020. The expected fall in automotive demand excludes any effects of higher diesel sales as automakers scramble to avoid massive CO₂ fines and also excludes any platinum for palladium substitution. We believe the sustained palladium price premium over platinum in 2019 (that has averaged \$839/oz since the start of Q4) has increased the likelihood of early substitution becoming visible.

Interest in platinum investment has become more widespread. In 2019 we have observed a growing number of large macro funds, already using gold as an alternative to the c. \$13 trillion of negative yielding debt globally, also including exposure to platinum.

We are pleased to have partnered with the CME Group who now provide WPIC insights to their global audiences.”

Q3 2019

Platinum supply and demand in Q3'19 was near balance with total supply down 8% and total demand up 7%. The typical seasonal large surplus expected in the third quarter of each year fell to a small surplus of 25 koz in Q3'19. This was due to the year-on-year fall in mining supply of 11%, that more than offset the 2% rise in recycle supply, and a 7% rise in total demand. The supply fall was primarily due to smelter maintenance in South Africa and demand was up due to continued strong investment demand in the quarter.

In China initiatives launched through the WPIC Shanghai office continue to increase significantly the awareness and ownership of platinum as an investment asset. WPIC collaboration and partnerships with large and prestigious Chinese organizations such as Bank of China, Agricultural Bank of China and China Gold Association is raising public and institutional awareness of how to invest in platinum despite some infrastructure challenges. There are now four of our partners producing and selling platinum bars in China; enhancing retail availability and choice. We have a strong pipeline of new partners and products that will assist in enhanced awareness and distribution of platinum in China in 2020 and beyond.

To download this edition of Platinum Quarterly and/or subscribe to receive the research in the future, without charge, please visit our website: www.platinuminvestment.com

- Ends-

PRESS RELEASE

London, 21 November 2019

Q3'19 forecast		2017	2018	2019f	2020f	2019f/2018 Growth %	2020f/2019f Growth %	Q3 2018	Q2 2019	Q3 2019
Platinum Supply-demand Balance (koz)										
SUPPLY										
Refined Production		6,125	6,120	6,225	6,110	2%	-2%	1,665	1,630	1,500
	South Africa	4,380	4,470	4,520	4,365	1%	-3%	1,230	1,180	1,090
	Zimbabwe	480	465	460	460	-1%	0%	120	120	115
	North America	365	350	370	410	6%	11%	90	100	80
	Russia	720	665	690	695	4%	1%	180	185	170
	Other	180	170	185	180	9%	-3%	45	45	45
Increase (-)/Decrease (+) in Producer Inventory		+30	+10	-20	+0	N/M	-100%	-20	+20	-40
Total Mining Supply		6,155	6,130	6,205	6,110	1%	-2%	1,645	1,650	1,460
Recycling		1,890	1,935	1,990	2,000	3%	1%	490	495	500
	Autocatalyst	1,325	1,420	1,495	1,530	5%	2%	365	365	385
	Jewellery	560	510	485	460	-5%	-5%	125	130	115
	Industrial	5	5	10	10	100%	0%	0	0	0
Total Supply		8,045	8,065	8,195	8,110	2%	-1%	2,135	2,145	1,960
DEMAND										
Automotive		3,325	3,100	2,960	2,860	-5%	-3%	715	760	695
	Autocatalyst	3,185	2,955	2,805	2,705	-5%	-4%	680	720	665
	Non-road	140	145	150	155	3%	3%	35	40	35
Jewellery		2,460	2,305	2,160	2,110	-6%	-2%	565	545	545
Industrial		1,680	1,915	1,905	1,945	-1%	2%	470	475	465
	Chemical	560	570	625	635	10%	2%	155	150	175
	Petroleum	100	240	235	245	-2%	4%	55	55	55
	Electrical	210	205	210	215	2%	2%	50	50	50
	Glass	180	245	215	205	-12%	-5%	70	60	50
	Medical	235	240	240	245	0%	2%	45	70	45
	Other	395	415	380	400	-8%	5%	95	90	90
Investment		275	15	1,200	525	N/M	-56%	65	90	230
	Change in Bars, Coins	215	280					70	60	35
	Change in ETF Holdings	105	-245					5	30	205
	Change in Stocks Held by Exchanges	-45	-20					-10	0	-10
Total Demand		7,740	7,335	8,225	7,440	12%	-10%	1,815	1,870	1,935
Balance		305	730	-30	670	N/M	N/M	320	275	25
Above Ground Stocks		4,140*	2,325	3,055	3,025	-1%	22%			

For media requests, please contact Kekst CNC:

Simren Priestley

+44 203 7551 670

wpic@kekstcnc.com

PRESS RELEASE

London, 21 November 2019

Notes to Editors:

About *Platinum Quarterly*

Platinum Quarterly is the first independent, freely-available, quarterly analysis of the global platinum market. *Platinum Quarterly* is a World Platinum Investment Council publication. It is largely based upon research and detailed analysis commissioned with, and conducted by, SFA (Oxford) (SFA), an independent authority on the platinum group metals market.

About the World Platinum Investment Council

The World Platinum Investment Council Ltd. (WPIC) is a global market authority on physical platinum investment, formed to meet the growing investor demand for objective and reliable platinum market intelligence. WPIC's mission is to stimulate global investor demand for physical platinum through both actionable insights and targeted product development. WPIC was created in 2014 by the leading platinum producers in South Africa. WPIC's members are: Anglo American Platinum, Impala Platinum, Northam Platinum and Royal Bafokeng Platinum .

For further information, please visit www.platinuminvestment.com.

WPIC's offices are located at: 64 St James's Street, London, SW1A 1NF.

About SFA (Oxford)

Founded in 2001, SFA (Oxford) is regarded as one of the most important independent authorities on the platinum group metals market. The company's in-depth market research and integrity is underpinned by extensive consulting from mine to market to recycler, as well as an unrivalled global industry network.

SFA have a team of nine dedicated PGM analysts with wide and varied industry expertise and knowledge, each one specialising in a core area of the value chain, as well as many internationally-based associates. SFA is able to provide its clients with answers to the most difficult questions affecting the future of the industry.

No part of the data or commentary shall be used for the specific purpose of accessing capital markets (fundraising) without the written permission of the authors.

For more information go to: <http://www.sfa-oxford.com>

About Platinum

Platinum is one of the rarest metals in the world with distinctive qualities making it highly valued across a number of diverse demand segments. Platinum's unique physical and catalytic properties have established its value in industrial applications. At the same time, its unique precious metal attributes have made it the premier jewellery metal.

Platinum's supply comes from two main sources: primary mining output, and recycling, which typically

PRESS RELEASE

London, 21 November 2019

comes from end of life auto catalysts and jewellery recycling. Over the last five years, between 72% and 78% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is robust and becoming more diverse. There are four core segments of platinum demand: automotive, industrial, jewellery and investment demand.

Platinum demand from autocatalysts has equated to between 41% and 43% of total demand in the last five years. Platinum's diverse other industrial uses account on average for 22% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 33% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 0% and 6% of total demand (excluding movements in vaulted investor holdings).

Disclaimer

Neither the World Platinum Investment Council nor SFA (Oxford) is authorised by any regulatory authority to give investment advice. Nothing within this document is intended or should be construed as investment advice or offering to sell or advising to buy any securities or financial instruments and appropriate professional advice should always be sought before making any investment. For further information, please visit www.platinuminvestment.com